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07/23/03 05:07 PM

To: bruce_white, mmaher cc: MATTHEW DUNN, ROSEMARIE CAZEAU, T
Subject: People v. Preceision Brand Products, et al. Settlement terms

Bruce and Mike,

At our meeting on July 22, 2003, we discussed resolution of the State complaint relating to the Ellsworth site with the named Defendants and the Third party defendants who sign the federal AOC. We intend to draft a settlement agreement that incorporates the terms of the AOC, including the scope of release found in the Covenant Not to Sue, and also including the Reservation of Rights. Additionally, we will include a section which will waive the penalties sought in Counts I thru IV because of the history and unique facts of this case, but only as to those parties who sign the AOC and related agreements, and so long as the parties fulfill their obligations under the agreements.

The State's agreement to waive penalties is based on the defendants commitment to sign the AOC and other related agreements immediately. We reserve our rights to reconsider waiver of penalties if the AOC and other related agreements are not signed within the next few days.

Lastly, we will defer claims in our settlement relating to past costs and investigation and clean up as necessasry at the Sites at this time.

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